

STATE BOARD OF EQUALIZATION

OFFICE CORRESPONDENCE

Place: Sacramento
Date: April 22, 1959

To: Mr. Jack H. Leam

From: Stanley G. Lerner

_____ sold the fixed assets of its California stores to its affiliate, _____, which in turned leased said fixed assets to _____. Subsequently, on January 31, 1955, _____ Inc., resold the fixed assets in question back to _____. Then on March 31, 1955, _____ sold its entire business to _____.

The sale by _____ Inc., of the fixed assets in question to _____ became the basis of a sales tax determination against _____ which to date remains unpaid.

The question is whether _____ became liable as successor pursuant to Section 6811 and 6812 to _____, which liability in turn would be passed on to _____ pursuant to the same sections.

In order for there to be a successor's liability pursuant to the above sections, there must be a sale of all or substantially all of the business assets or stock of goods.

In the instant problem _____ did not sell its business nor did it sell a stock of goods, since "stock" or "stock of goods" refers only to goods or chattels which a tradesman holds for sale or traffic (see 40 Words and Phrases 760). Therefore, we are of the opinion that the liability of _____, Inc., arising out of its sale back to _____ is not passed on to _____ as a successor.